

## **The GmbH is the operator's weapon of choice vs. the mini GmbH**

While GmbH & Co. KGs are very common among funds for tax purposes, an operative company will normally incorporate as a limited liability company – the GmbH or an UG – the mini GmbH. The name-giving limited liability is only one item on the pro-list: it is also very flexible in its articles of association and commonly accepted among creditors. Its only disadvantage to its international competitors, namely the British Limited, used to be the minimum share capital of 25,000 €. This is why Germany introduced a mini GmbH in 2008, the entrepreneurial company (UG) with a minimum share capital of 1 €. Along came a **standard form** to incorporate the mini GmbH quicker and much cheaper: while just the notary and commercial registry fees will amount to about 1,000 € for a regular GmbH (at least twice as much using a traditional lawyer), the standard foundation of a UG costs below 350 € (see this calculator: [Gründungskosten](#)). In order to pay these costs in a tax neutral way, your UG should have at least that much share capital (I would recommend at least 500 €); therefore, the 1-Euro-UG is more of a theoretical phenomenon.

### **The standard form needs a jump start help!**

If you do use the standard form though, be extra careful about spending: by default only 300 € of founding costs may be borne by the Company, capped by the share capital. So no matter how low you choose your share capital, you need to infuse extra cash – Do not touch the mini GmbH share capital for the extra costs.

### **The standard form for one-man-shows**

Furthermore, the standard form is only suited for one-man-shows. For the standard record holds both the notarial deed and the company's articles of association – in 2 pages. This standard content is impractical and even dangerous for any company with more than one shareholder: it lacks provisions for forfeiture, for instance. Besides, it's all in German.

But if you are the only shareholder, you can easily make any changes to the bylaws you like. Therefore, it's all you need for a holding company.

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## Feedback?

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